

Item 7: Business operations in China

Steven Milloy, owner of 100 shares of Verizon's common stock, proposes the following:

Communist China Audit

Resolved:

Shareholders request that, beginning in 2022, Verizon report to shareholders on the general nature and extent to which corporate operations involve or depend on Communist China, which is a serial human rights violator and a geopolitical threat and adversary to the US. The report should exclude confidential business information but provide shareholders with a basic sense of Verizon's reliance on activities conducted within, and under control of the Communist Chinese government.

Supporting Statement:

American companies doing business in Communist China is a controversial public policy issue. See, e.g., "Doing business in China is difficult. A clash over human rights is making it harder," April 2, 2021, <https://www.cnn.com/2021/04/02/business/nike-china-western-business-intl-hnk/index.html>.

Verizon does business in, and likely relies on parts, raw materials and/or services from entities in Communist China.

Communist China is a well-known serial violator of human and political rights.

Communist China may also possibly become a hostile adversary of the US for a variety of reasons, including:

- Communist China intends to displace the US as the lone global superpower by 2049.
- The US has committed to defending Taiwan, which Communist China may attempt to seize by force.
- US-China relations are tense over a number of issues including Communist China's military expansion, egregious human rights violations, actions related to the COVID pandemic, intellectual property theft, elimination of political freedom in Hong Kong, and environmental pollution.

Communist China has also publicly indicated that it would use its industrial capabilities for strategic purposes against adversaries. Communist China has already taken action against Australia, for example, for COVID-related criticism.

Given the controversial, if not dangerous nature of doing business in China, shareholders have the right to know the general nature and extent [sic] to which Verizon's business operations are involved with or depend on Communist China.

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✕ **The Board of Directors recommends that you vote **AGAINST** this proposal for the following reasons:**

The Board believes that the requested report requiring Verizon to disclose the nature and extent to which its corporate operations involve or depend on “Communist China” would not provide additional value to the Company’s shareholders. Verizon, as a reporting company for purposes of the Securities Exchange Act of 1934, is already subject to comprehensive and ongoing business-related reporting requirements that require it to inform its shareholders about its operations in China to the extent they are material. Additionally, the Board believes that Verizon’s approach to managing operational risk – having a robust enterprise risk management program in place – is the most effective way to mitigate risk.

A foundational principle of the U.S. securities laws is that public companies have an obligation to publicly disclose information that is material to making informed investment decisions. Under Regulation S-K of the Securities Act of 1933, for example, Verizon is required to disclose a broad range of information regarding its operations, including a description of its business, its properties and its material risk factors. To the extent that Verizon were to consider its operations in China to be material or to raise material risks, it would be required to make disclosures about its operations in China and the associated risks in its regulatory filings. The fact that Verizon does not make disclosures in its filings in respect of its operations in China demonstrates that it does not consider its operations in China or any associated risks to be material to shareholders.

Additionally, Verizon has a formalized enterprise risk management program in place that is overseen by the Audit Committee of the Board and that is designed to provide visibility to the Board about critical risks to business operations and risk mitigation strategies. The Board works with senior management to develop a comprehensive view of Verizon’s key short- and long-term business risks. The Board addresses the primary risks associated with the Company’s business units and corporate functions in its operations reviews of those units and functions. Likewise, the Board reviews the risks associated with the implementation of the Company’s strategic plan throughout the year. The Board believes that this existing program is a more effective way to assess and mitigate the risks identified in the proposal, than the report requested in the proposal.

The Company also has a formalized supplier risk management program that supports the Company’s overall commitment to responsible sourcing. This program is managed by a dedicated team in Verizon’s Supplier Risk Office and enables the Company to identify, assess, monitor and manage a range of supply chain-related risks, including those that may be associated with the social and environmental impacts of supplier activity. The Supplier Risk Office works closely with other teams throughout the Company, including Sourcing, Business Risk, Sustainability, Business & Human Rights, and Compliance to implement a risk management framework that allows the Company to continually assess and manage supplier-related risks.

Given Verizon’s existing disclosure obligations and the extensive risk management programs currently in place, the Board believes the proposal is not in the best interests of shareholders.